

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF JEROME A.	)	
KANNEY AND DENNIS L. ROHRER	)	
AND MARY LESLIE AND SUSAN A.	)	CASE NO. 99-232
BRANHAM FOR THE APPROVAL OF	)	
THE ACQUISITION OF THE STOCK	)	
OF DEMA GAS COMPANY, INC.	)	
(DEMA) OF PRESTONSBURG, FLOYD	)	
COUNTY, KENTUCKY	)	

O R D E R

On June 9, 1999, Jerome A. Kanney and Dennis I. Rohrer and Mary Leslie and Susan A. Branham filed an application for approval of the transfer of all of the outstanding shares of stock of Dema Gas Company, Inc. ( Dema ) pursuant to KRS 278.020. Dema is a natural gas utility that provides service to 23 customers in Knott County, Kentucky.

KRS 278.020(4)(5) provides that in order to acquire or transfer ownership or control of a utility, prior Commission approval must be obtained. The Commission shall grant its approval if the person acquiring the utility has the financial, technical, and managerial abilities to provide reasonable service. The statute further provides that the Commission shall grant, modify, refuse, or prescribe appropriate terms and conditions with respect to the application.

After reviewing the evidence of record and being advised, the Commission finds that:

1. Dema is a Kentucky corporation with its principal office and place of business in Prestonsburg, Kentucky.

2. Jerome A. Kanney and Dennis I. Rohrer operate Cow Creek Gas, Inc., a natural gas utility that is subject to the jurisdiction of the Commission.

3. The transfer of the stock of Dema to Jerome A. Kanney and Dennis I. Rohrer is to be accomplished under the terms of an oral agreement whereby Mary Leslie and Susan A. Branham will transfer all issued stock to Jerome A. Kanney and Dennis I. Rohrer for a nominal consideration.

4. Mary Leslie and Susan A. Branham have entered into the Application for approval of the transfer of their stock, which represents 100 percent of the shares of Dema, to Jerome A. Kanney and Dennis I. Rohrer.

5. Jerome A. Kanney and Dennis I. Rohrer are both actively engaged in natural gas distribution in Kentucky as the operators of Cow Creek Gas, Inc., and have business experience in the natural gas industry.

6. Applicant has filed an Adoption Notice adopting all tariffs filed by Dema.

7. The statement, filed as Applicant's Exhibit C, together with additional information filed with the application, demonstrates that possesses the financial, managerial and technical abilities to provide reasonable service in the Commonwealth of Kentucky.

The Commission finds that Jerome A. Kanney and Dennis I. Rohrer have demonstrated the financial, technical, and managerial ability to provide reasonable service and further finds that the proposed transaction will be made in accordance with

Law, for a proper purpose, and consistent with the public interest. Consequently, the proposed transfer should be approved.

IT IS THEREFORE ORDERED that:

1. The proposed transfer of all of the issued and outstanding capital stock of Dema to Jerome A. Kanney and Dennis I. Rohrer is hereby approved.

2. Applicant shall notify the Commission within 10 days of the consummation of the stock transfer or, in the alternative, shall notify the Commission if the proposed transaction does not occur.

3. Dema shall file within 10 days of the transfer of its stock, a list of its stockholders, the number of shares held by each, and a list of the corporate officers.

Done at Frankfort, Kentucky, this 3<sup>rd</sup> day of August, 1999.

By the Commission

ATTEST:

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Executive Director